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GUAM

Working paper prepared by the Secretariat

Addendum

The present addendum contains an annex to the 1996 working paper on Guam prepared by the Secretariat (A/AC.109/2047). The information contained in the addendum has been derived from information transmitted to the Secretary-General by the Government of the United States of America on 14 June 1996, under Article 73 e of the Charter of the United Nations, and is reproduced in photostatic form in the language of the original.

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Annex

Chapter 4

GUAM

4.1 GUAM

Guam is a United States territory with a locally-elected government. The people of Guam elect a Governor, who serves a four-year term, 21 senators who serve two-year terms in a unicameral legislature, and a Delegate to Congress, who also serves a two-year term. The people of Guam became U.S. citizens in 1950 when the Congress enacted the Guam Organic Act, which established institutions of local government and made Guam an organized territory. Guam is an unincorporated territory because not all provisions of the Constitution apply to the island.

The local judicial system is made up of a Superior Court and a Supreme Court led by judges appointed by the Governor. Local judges are subject to confirmation by the voters every six years. A U.S. District Court for Guam is headed by a District Court Judge appointed by the President.

Guam consists of a single island of approximately 212 square miles. It is located 3,700 miles west-southwest of Honolulu. The population of Guam in 1995 was estimated at about 149,249. The annual rate of growth is 2.3 percent.

4.2 Political Status Developments and Federal Relations

The Administration appointed Mr. Stanley Roth, Special Assistant to the President and Senior Director for Asian Affairs at the National Security Council, as the new Special Representative for Guam Commonwealth talks to replace I. Michael Heyman, the former Counselor to the Secretary, who had been the Special Representative since November 1993. Under Mr. Heyman, discussions with Guam Governor Joseph F. Ada and other Guam representatives commenced in December 1993. Some progress had been made in finding workable compromise solutions to major outstanding issues.

The Clinton Administration's review of Guam's Draft Commonwealth Bill is attempting to resolve issues which remained after two previous Administrations were unable to reach agreement with Guam leaders on the status proposal. The Commonwealth Bill was drawn up by the Commission on Self-Determination and adopted by Guam voters in 1987 referendums. Earlier referendums had selected U.S. commonwealth status as the preferred option by a two-third's majority over statehood and independence.

Other major issues in federal relations with Guam in 1995 concerned Department of Defense (DOD) recommendations to eliminate and reduce U.S. military missions and installations on

Guam, federal compensation to Guam for impact of the Compact of Free Association, and a continuing disagreement over the establishment by Interior of the Guam National Wildlife Refuge.

As part of its recommendations on 146 military installations in the United States, DOD on February 28, 1995, proposed closing and realigning four U.S. Navy installations on Guam. The recommendations, made to the independent Defense Base Closure and Realignment Commission (BRAC), would have eliminated 2,265 civilian jobs and transferred 2,104 military personnel off the island. Guam Delegate Robert Underwood and Guam Governor Carl T.C. Gutierrez urged BRAC to retain some of the DOD missions on Guam and to establish a transition during which DOD and Guam could work to develop some of the closed facilities as commercial enterprises. Some of the properties - particularly the Ship Repair Facility - could be converted into commercial operations, according to Guam leaders, thereby creating hundreds of jobs to replace some of the lost DOD positions.

OTIA officials met May 11 with BRAC Commissioner Al Cornella, at his request, to discuss OTIA's views regarding the DOD proposal. OTIA Acting Assistant Secretary Allen Stayman, who had met earlier with Guam representatives on the issue, explained the current state of political relations between the Federal Government and Guam, including the on-going Commonwealth discussions, outlined the declining federal financial assistance for the island, and emphasized the substantial economic impact a precipitous DOD cut-back would have on Guam's economy. Stayman supported Guam's request for modifications in the original DOD proposal.

On June 23, 1995, the BRAC recommended that the Navy have the option of retaining several missions previously scheduled for transfer and urged the conveyance of about 4,000 acres of federal land determined to be excess by DOD. Navy supply vessels homeported at Guam and a squadron of Navy helicopters could be retained, if Navy operations officials deem it necessary. The Navy could also realign its Public Works Center at Guam, rather than close it, to provide support for the vessels and helicopter missions. While the BRAC agreed on closing the Navy's Ship Repair Facility, it recommended that the facility and associated piers and land be open to joint use by the Navy and Guam.

The BRAC further recommended that the Navy release the excess property listed under its GUAM LAND USE PLAN '94 and not yet transferred to the Government of Guam -- about 4,000 acres. Some of this land, according to Guam officials, is critical wildlife habitat and Guam and Federal officials will be discussing what agreements and procedures will be needed for handling the disposition of habitat property. As part of a 1993 BRAC recommendation, DOD in April, 1995, transferred the 2,000-acre Naval Air Station, Agana, to the Government of Guam, which subsequently moved major local government departments and agencies to the facilities. The relocation will save the local government an estimated $3.5 million over the next year, according to Guam officials.

The Compact of Free Association Act of 1988 (P.L. 99-239), which establishes the relationship between the United States and the FSM and Marshalls, authorized unrestricted immigration of

FSM and Marshalls citizens into the United States, its territories and possessions. This enabled citizens of these island states to enter Guam and the CNMI and to lawfully engage in occupations as nonimmigrant aliens. Guam's habitual resident population of these aliens is estimated to have increased by 1,000 persons per year since 1986.

The Government of Guam estimates that it has expended about $70 million in services to Compact citizens since the Compact was implemented. These costs include $30 million for primary and secondary education and more than $10 million in direct benefits for health and welfare programs. The Compact law included an authorization for appropriation of funds to cover the costs of increased demands placed on educational and social services by immigrants from the RMI and FSM.

The Department of the Interior has provided several million dollars in technical assistance to help Guam develop the statistical capability to better quantify the impact as well as to address some of the social problems of Compact immigrants. In FY 1995, $2.5 million was specifically appropriated as a contribution toward the costs Guam has incurred in providing social services to these Micronesian immigrants. The Department also proposed for the FY96 budget, the reallocation of $4.6 million in mandatory funding from the CNMI section 702 Covenant funding to Guam as an additional contribution toward Compact impact costs. This funding is proposed as mandatory to the year 2001, for a total of $27.5 million.

The establishment of the Guam National Wildlife Refuge by the U.S. Fish and Wildlife Service (FWS) continued to be an issue in 1995. The refuge is the result of several years of effort by the DOI to address concerns of Guam leaders and Guam and national environmental groups for preservation of several endangered bird species on the island. The refuge consists of 22,873 acres. About 22,502 acres are an "overlay" jurisdiction on DOD-held lands, while the remaining 371 acres at Ritidian Point are held directly by the FWS.

Many Guam leaders, including the current Governor and Delegate to Congress, continue to oppose federal control of the refuge, preferring it be under local control. These leaders also object to the transfer of 371 acres of formerly DOD-held land at Ritidian Point to Interior as part of the refuge establishment. During 1995, the Guam government enacted legislation prohibiting the local government from providing any assistance to the FWS in managing the refuge, returned to the Interior Secretary a check for $17,351 intended as compensation for lost tax revenue from some of the Ritidian Point property, and repeatedly spoke out against federal control of the refuge.

4.3 Current Economic Conditions

Guam's economy, which exhibited extraordinary strength from 1988 to 1993, is gradually recovering from a downturn during the 1993-1994 period. The outlook for sustained growth, led by a resilient visitor industry, is positive, though a return to the growth rates of the "boom" years is unlikely.

During that boom, Guam's gross island product increased by 69 percent from $1.729 billion in 1988 to $2.917 billion in 1993, an annual average growth rate of 11 percent. Total employment increased from 48,300 in 1988 to 66,500 in 1993 for an annual growth rate of 6.6 percent. Total personal income increased from $1.327 billion in 1988 to $2.240 billion in 1993, an 11 percent annual average rate of growth. Rapid expansion of the visitor sector was a major driver of overall economic growth. Total visitor arrivals increased from 586,000 in 1988 to 854,000 in 1992 -- a 10 percent annual increase.

The driving forces behind Guam's growth were outside investment, primarily from Japan, and the island's continuing popularity as a tourist destination. Japanese real estate development in Guam peaked in 1990, when Japan invested $1.1 billion. That figure placed Guam behind only Hawaii, California and New York in Japanese investment in the United States. By 1991, Japanese investment in Guam had declined 45% to approximately $600 million, and as a result of further declines in the Japanese economy, Japanese investment in Guam continued to slow in 1992 and the first half of 1993.

In 1993 visitor arrivals fell by 8.2 percent, total employment declined by 3.6 percent, gross island product increased by only 0.5 percent, and total personal income increased by 1.7 percent. This weak economic performance is attributed to several factors, including the aftermath of late 1992 typhoons, the effect of an August, 1993 earthquake on tourism, the impact of the recession in Japan, a sharp decline in construction activity, and the slow recovery of the U.S. economy.

Guam's economy appears to have bottomed out in 1994. Visitor arrivals rose 37 percent over the previous year and passed the one million mark, reaching 1.075 million by year's end. Though this milestone augured well for the future of the industry, the surge in visitor arrivals is only slowly translating into increased employment, as visitor demand has been met largely through increased utilization of the existing workforce and stock of hotels and other facilities. Total employment for 1994 decreased by 0.3 percent.

The near-term forecast for Guam's economy shows steady, gradual improvement, according to local government projections. The gross island product, which was $3 billion in 1994, is expected to increase slightly to $3.01 billion in 1995. Total employment is projected to increase by 1.8 percent, and personal income is expected to increase by 4.2 percent. Visitor arrivals are expected to total 1.139 million in 1995, an increase of six percent over 1994.

The longer-term prospect is also generally positive. Moderate growth is projected in gross island product, employment, and personal income in 1996 and 1997. Total employment is projected to increase by 1.8 percent in 1996 and 2.9 percent in 1997. Personal income is projected to grow by 4.7 percent in 1996 and 5.8 percent in 1997.

Guam's economy is now larger and more mature than in the 1980s and it is reasonable to expect more moderate rates of growth off this much larger economic base in the last years of this decade. Total visitor arrivals are projected to increase at an annual rate of about 7 percent to

1.230 million in 1996, and 1.324 in 1997. The slightly higher rate of growth in these will be due largely to new room capacity oriented to new Asian markets coming on line.

Guam's future visitor industry will be more diversified. Consistent with the experience of the past several years, growth rates in non-Japanese visitor arrivals are expected to exceed growth rates in Japanese visitors. Non-Japanese visitor arrivals are projected to grow at an 11 percent average annual rate, reflecting the continued expansion of tourism from South Korea and Taiwan.

Korean tourists in 1994 reached 118,538, a 73 percent increase over the previous year, making South Korea the second largest and fastest growing market for Guam's visitor industry. Taiwanese visitors increased 65 percent in 1994 to 58,791. These increases resulted from the establishment of direct air service between Guam and Taiwan/South Korea, tourism promotion in those markets by the Guam Visitors Bureau, and the inclusion of South Korea and Taiwan in the Guam Visa Waiver Program.

Japanese visitors, who account for about 70 to 80 percent of all visitors, are projected to grow at about a 5.5 percent average annual rate, but to drop below 70 percent of the total market by 1997. Retail spending by visitors remains strong, although visitors are tending to be younger, more budget conscious, and staying for a shorter amount of time.

The number of hotel rooms on Guam in 1994 increased to 6,873 from 6,616 in the previous year. In 1994 the hotel occupancy tax generated $13.7 million for the local government, down from 1993's $14.6 million and 1992's $18.3 million. The 1994 decline, during a year when the number of tourists increased and the hotels experienced a 71 percent occupancy rate, is due to a legislatively enacted reduction in the tax, aimed at attracting more visitors.

Guam's economic expansion has also raised local investment capacity to record highs. Guam's newly increased ability to generate capital from local sources will be important in sustaining the island's growth. Bank deposits on Guam have grown 78 percent since 1987, and 15 percent between 1990 and 1992. In 1994, total bank deposits reached $1.4 billion. Bank loans have increased more dramatically, more than tripling since 1987. Bank loans in 1994 stood at $2.5 billion, up from the $2.4 billion a year earlier. Another indicator of revival -- the value of construction permits -- totaled $614 million in 1994, compared to $431 the previous year.

Total employment, a statistic that usually lags behind other indicators of an upturn, was preliminarily estimated at 65,800 in 1994, down 5.5 percent from the previous year's 68,464. Total private sector employment, 44,460 in 1994, was down by 10 percent over the previous year. Tourism generated about 40 percent of direct and indirect employment in the private sector in Guam. The Government of Guam employed 14,850 workers in 1994, an increase from the 13,973 workers recorded the previous year. Federal employment on the island stood at 7,490 in 1994, down slightly from 7,692 in 1993. Public employees represent about a third of the total workforce. The unemployment rate in 1995 was 7.3 percent with an estimated 3,500 workers actively seeking employment.

Since the mid-1980s, job creation has outraced growth in the work force. A beneficial result of this has been low unemployment, but it is apparent that much of the growth in employment is the result of multiple job holdings. Guam has become dependent upon an in-migration of labor from Pacific Rim countries through the H-2 program and from Micronesians immigrating under the provisions of the Compact of Free Association allowing unrestricted entry into the U.S. These additions to the labor force from outside Guam are essential to economic growth but have increased demands for local government services as the laborers adjust to Guam's cultural and social modes.

The government sector remains a major economic force on Guam. The Guam government reported FY94 General Fund revenues of $502 million, down about $60 million from FY93's $561.5 million. Most of that revenue was generated by the income tax ($278 million) and Gross Receipts Tax ($151 million). The Government of Guam preliminarily estimated its FY94 General Fund expenditures at $395,602, which would be a decrease from the previous year's $414,302.

According to the U.S. Bureau of the Census's Federal Expenditures by State and Territory for Fiscal year 1994, direct federal grants to the Government of Guam in FY94 amounted to about $153 million, up from $89 million in 1993. These include major grants from the U.S. Departments of Education, Health and Human Services, Transportation, FEMA, etc. Total Federal expenditures on Guam, including military spending and payments to individuals, as well as direct grants to the local government, are estimated by the U.S. Census Bureau at $1,048 million for FY94.

The residents of Guam have seen many improvements in the island's standard of living over the last several years. Guam's economic success, however, has its less beneficial aspects. During the boom years, inflation on Guam had been higher than in the U.S. Mainland, and rents and land prices are much higher than in most mainland communities. Inflation was 11 percent in 1993, up from about 7 percent in 1992.

Guam's economic recovery has been complicated by Defense Department cut-backs over the past three years. As U.S. Defense spending and jobs on the island decline, the private sector is attempting to absorb these workers as well as generate employment opportunities for the new workers entering the labor force.

4.4 Government Administration

In 1993-1994, the downturn in tourism and declining DOD spending on the island lowered Government of Guam revenues, while expenditures remained relatively constant. The local government has been in a deficit-spending situation for the past four years, moving from a surplus of $52.6 million at the end of FY90 to a deficit of $184.7 million at the end of FY94. This deficit has been financed by borrowing from revenues in future years, borrowing internally from special funds and local government agencies, by issuing general revenue bonds, and by

delaying payments to vendors. Spending on capital improvement projects over this period has been dramatically constrained.

Governor Carl T.C. Gutierrez, who took office in January, 1995, has taken several steps to bring Government of Guam spending in line with revenues, to pay vendors, and to fund important capital projects. On June 30, 1995 Guam successfully sold $115 million in general revenue bonds to pay overdue tax refunds to 30,000 local residents (about $41 million), fund construction of a public high school, and to pay vendors.

The previous administration on Guam had issued about $225 million in general obligation bonds, including a 1993 issue of $175 million for the construction of Southern High School and other educational facilities, and a $45 million issue in 1994 to pay overdue tax returns to residents. Standard and Poor gave Guam's June, 1995, bond issue a rating of BBB, and estimated that the local government's general fund direct debt to be about $332.5 million.

Government of Guam autonomous agencies, including the Guam Airport Authority and the Guam Power Authority, also have issued bonds for capital work in the past several years. Total bond indebtedness of Government of Guam line and autonomous agencies is estimated at about $850 million.

Governor Gutierrez has set six major financial management goals for his administration: 1) Eliminate the General Fund deficit; 2) Pay off the recently-issued Government of Guam bonds; 3) Streamline Government of Guam operations; 4) Restore public confidence in the Government of Guam as a provider of public services; 5) Maximize the economic benefits of island base closures; and 6) Create a $30 million cushion in the General Fund.

Gutierrez, who has pledged to work closely with the island's private sector to strengthen the economy, said he would accomplish his goals, in part, by "tightening GovGuam's belt and establishing a "pay-as-you-go" government in which island residents pay the entire cost of the GovGuam services they receive." He also promised that government vendors would be paid promptly and that their faith in the government would be restored. Vowing no new taxes, Gutierrez said his Administration will more aggressively enforce existing tax laws, and collect back taxes. The Government of Guam in 1995 also enacted laws which will increase the property taxes of island residents and charge fees for government trash collection and solid waste dumping at the government landfill.

The Government of Guam also is attempting to improve its audit capability. The government has established an office of an independent auditor, but it is not yet adequately funded or fully staffed. The Guam Government needs to develop a sufficient capability to fully implement the requirements of the Single Audit Act. Audit coverage in Guam has been limited to the audits by the Department of the Interior's Inspector General and coverage by contracted private CPA firms. The Government often does not respond in a timely manner to the findings and recommendations of either.

4.5 Infrastructure

Earthquake Damage

As a result of the August 8, 1993 earthquake, public buildings, roads, bridges, and utilities suffered about $40 million in damage. Most of the cost to repair the damage or replace the facilities was covered by private insurance or federal emergency assistance. A Presidential disaster declaration was not needed and, therefore, was not requested.

Public roads and bridges received about $14 million in damage. Those costs were covered by U.S. Department of Transportation Emergency Recovery Funds. Public utilities, the hospital, and airport received about $14 million in damage which was covered by private insurance. Government office buildings received about $1.8 million in damage. Of the 36 public school facilities, 23 received slight damage and had to be repaired at a cost of $426,000.

Commercial buildings received about $113 million in damage while private residences sustained an estimated $4 million in damages.

Water System

Approximately 74 percent of the water produced on Guam is provided by the Public Utility Agency of Guam (PUAG). The remainder is produced by the Air Force and Navy installations on Guam. The Guam government's water sources are groundwater and surface water (Ugum River). The Navy water source is a surface reservoir (Fena Lake) in the southern part of the island. The PUAG water originates primarily in an aquifer known as the northern lens, which is tapped by 94 active wells. According to the PUAG Well Monitoring Report, about 26 million gallons per day (MGD) are currently pumped from the northern lens. The $12 million Ugum River project at the southern end of the island, completed a few years ago, added an additional 1 to 2 MGD of potable water to Guam's daily supply.

Since 1990 over 300 water leaks on the distribution system have been identified and repaired. The program has saved an estimated 6 million gallons per day. Despite the success, the Water Facilities Master Plan indicates that 30 to 40 percent of daily water production is unaccounted for. Leakage and un-metered use account for much of the total loss.

As a result of the August 8 earthquake, the Governor ordered a $10 million emergency program to install generators at approximately 146 facilities, which included water wells, water booster pumps, sewage pump stations, and wastewater treatment plants. This work is currently proceeding under private contract, but it is being administered by the Guam Power Authority (GPA) since GPA will maintain the facilities after completion of the installations. In the aftermath of the earthquake, major water leaks were repaired immediately and a follow-up contract for a leak detection program for the entire water system is approximately 25 percent complete. The leak detection program is being paid for by funds appropriated by the Guam Legislature.

A Geographical Information System (GIS), the cost for which OTIA is sharing under the Operations and Maintenance Improvement Program, is currently underway for both GPA and the PUAG. As-built drawings and plans for existing utility facilities are being digitized for input into the GIS by both agencies, as well as the Department of Public Works, the Guam Telephone Authority, and others. When completed, the GIS will provide computerized base maps of the island infrastructure which will be an invaluable tool for the Government of Guam in managing growth so that the impacts of development on infrastructure and annual recurring maintenance and repairs costs can be properly planned, budgeted, and executed.

The OMIP Team continues to recommend the formation of an independent Guam Water and Sewer Authority, to incorporate the functions of the PUAG and place the operation and maintenance of Guam water and sewer activities on a more business-like basis. Under this concept, the PUAG would be strengthened by becoming an independent authority with a Board of Directors setting policy for the utilities and appointing a General Manager to operate and administer the water and sewer systems. The Board of Directors would have the authority to set rates, establish its own personnel rules, financial systems, and purchasing procedures.

Sewer System

Improvements have been made in the operation of the wastewater utility during the past year. The North District (ND) and the Agana sewage treatment plants (STP) are about to be released from Administrative Orders issued by the U.S. EPA for not complying with NPDES discharge standards. The transfer of Tumon Bay sewage to the ND plant and the completion of the ND STP rehabilitation have facilitated this change. PUAG has also reached agreement with the U.S. Navy in regard to the relocation of the Agat STP and the joint outfall has been designed and will be put out for bid in the near future. The plant will provide 20 MGD of secondary treatment capacity. The new Agat STP will phase out the Agat STP and the Port treatment facility will be phased out and the effluent pumped to the Agana STP.

The Umatac/Merizo treatment facility which involves land disposal continues under an Administrative Order due to runoff entering the adjacent stream. An inflow/infiltration rehabilitation contract is out for bid which should help mitigate this problem. The Inarajan STP on the southeast side of the island was damaged by last year's typhoons and it is currently in the process of rehabilitation.

Solid Waste Disposal

Guam also enacted legislation in 1995 to charge user fees for the collection and dumping of solid waste at the government landfill. That legislation will free up $2.7 million in federal funding (provided in FY88 and FY89) to close the Ordot landfill, and develop a new solid waste dump.

In addition, a baseline study for a new site near Apra has also been submitted to the EPA. This new site is on land owned by the Guam government and a new landfill at that location is expected to be privately operated. The establishment of a new site remains of primary

importance because of the depleted capacity at the Ordot landfill site, the remaining useful life of which, without expansion, is now estimated to be approximately one year.
The Ordot site remains under an Administrative Order by the U.S. EPA. Guam has submitted to the EPA a feasibility study of four alternative schemes for interim expansion of the Ordot landfill.

A number of other positive developments have occurred during the past few years with regard to solid waste management. Key to these changes is a manager in charge of solid waste operations. The existing solid waste landfill at Ordot is now being operated more professionally. Waste is covered on a daily basis, the fill has been terraced, the waste stream is now being segregated to remove vehicle tires, scrap metal, aluminum cans, and cardboard. A contractor has also been hired to operate a tire-shredding facility at the landfill, and new legislation requires all cardboard to be bailed prior to delivery to the site. Waste-stream analyses conducted for the Guam government are being used as a guide to reduce waste volume. The Government of Guam has previously received U.S. EPA approval to use a site at Malojloj for the disposal of construction debris and yard waste. The items were banned from disposal at the Ordot landfill and Dededo transfer station in February, 1993.

Power Generation and Distribution

The Guam Power Authority (GPA), an autonomous agency of the Government of Guam, has the responsibility to provide electricity throughout the island. Total power consumption in 1991 was 862.4 million kilowatt hours (KWH) The average KWH per customer increased from 11,127 in 1990 to 12,064 in 1991, an increase of 8 percent. Average annual residential power cost per customer in 1991 was $1070.40.

The tremendous pace of development on Guam has put a strain on existing power facilities. The island suffered serious inconveniences because of brownouts and load shifting over the past two years. GPA has listed power generating increases of 178 megawatts to be put on line by the end of the decade. Included in the roster is a 23 MW unit recently installed, and a 16 MW unit to be installed by the Navy. GPA installed two 23 MW units in 1993, and plans to install a 23 MW unit in 1994, and additional 35 MW slow speed diesel units in 1995 and 1998.

The balance of $27 million on GPA's 1980 note with the Federal Financing Bank was prepaid by Guam in January 1993. The payoff was part of a GPA bond refinancing package that provided Guam with capital for financing the additional generating capacity described above.

Roads

The estimated length of the road network on Guam was approximately 975 miles at the end of 1992. Of that total, 420 miles of roads are classified as non-public roads. Many of these roads are located on federal government installations located throughout Guam. Of the 550 miles of public road, approximately 144 miles are the primary network (this includes some secondary roads); about half of this mileage is classified as urban roads. There are about 222 miles of

streets and 123 miles of local or collector roads. The primary network is paved. In the case of the streets and local roads, 330.3 (80 percent) are paved and the remaining 83 miles (20 percent) are unpaved. There are 27 bridges in the road system.

The Guam 2010 Highway Master Plan calls for capital investments in the primary road and highway system estimated to cost $470 million over the next 18 years. A large portion of the funding to construct and maintain these highway improvements will come from bond issues backed by fuel taxes and vehicle registration fees which are allocated to the Department of Public Works (DPW).

Maintenance of the road system is currently divided among the Highway Maintenance and Construction Section of the DPW, the Rapid Response Office, and some Mayors. For this reason, the OMIP Fourth Year Review Report for Guam recommends the creation of a Highway Management System within the DPW to better manage highway construction and maintenance. In response, DPW authorities have recently submitted an application for maintenance assistance funds to hire a consultant to develop a comprehensive Highway Management System which includes an Information System, Planning and Programming Management, Design/Specification/Contracts Management/Construction Management, Operational Systems and Maintenance Management System.

Airport

The A.B. Won Pat Guam International Air Terminal and surrounding facilities are administered by the Guam Airport Authority (GAA). The airport facilities are first-rate, but the growth in passenger arrivals and cargo warrants increasing the capacity of the facilities. Guam has recently expanded its airport aprons to alleviate the problems of aircraft waiting in the taxiways.

The GAA hopes to triple the size of the airport with an ambitious $253 million program to construct a new terminal at the eastern end of the existing facility. Terminal enlargement would increase the number of passenger gates to seventeen. The closing of the Guam Naval Air Station in 1995 provided additional acreage and facilities for expansion of the airport operations. NAS, which owns the airport's runways, was ordered closed by the Base Realignment and Closure Commission in August, 1993.

Guam authorities expect passenger traffic to reach 3.6 million passengers by 1995. The facility now handles some 1500 flights a month. The airport is a regional aviation hub and base of operations for Continental Micronesia's (the regional carrier) fleet.

Seaport

The Port Authority of Guam (PAG) administers the commercial port facilities at Apra Harbor. PAG is a public corporation and autonomous agency of the Government of Guam. Guam's port is a major transshipment center of the Western Pacific and is equipped to move containerized, unitized, break-bulk, and tuna cargo efficiently. The port has in recent years seen an average

increase of 23 percent in cargo growth. The PAG is expanding its container yard and is planning to spend $100 million in reconstruction activities through the year 2005.

Public Buildings

The Government of Guam has the ability to acquire and maintain an adequate stock of public facilities. The Government has a lengthy list of capital improvements encompassing high schools, fire stations, youth centers and recreation facilities. The increase in local revenues directly attributable to Guam's economic boom has allowed the Government to fund these projects from its own resources.